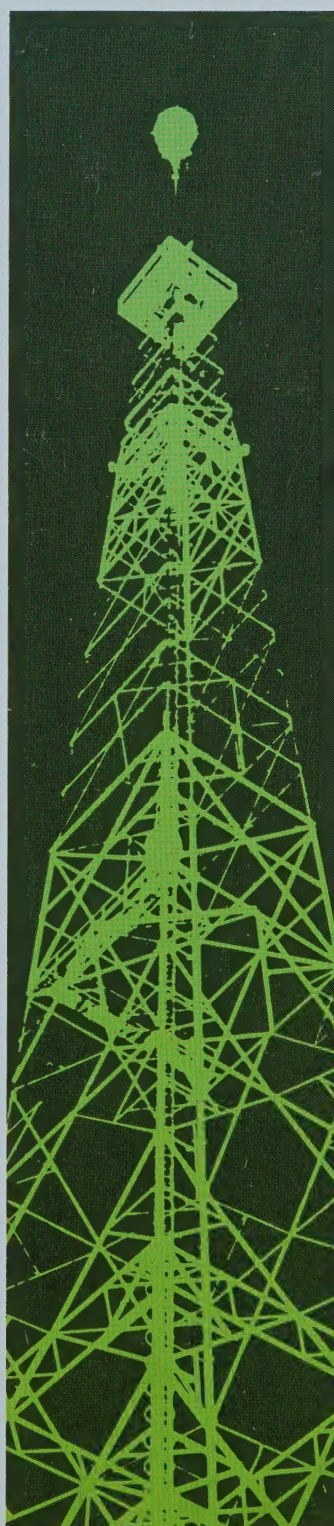
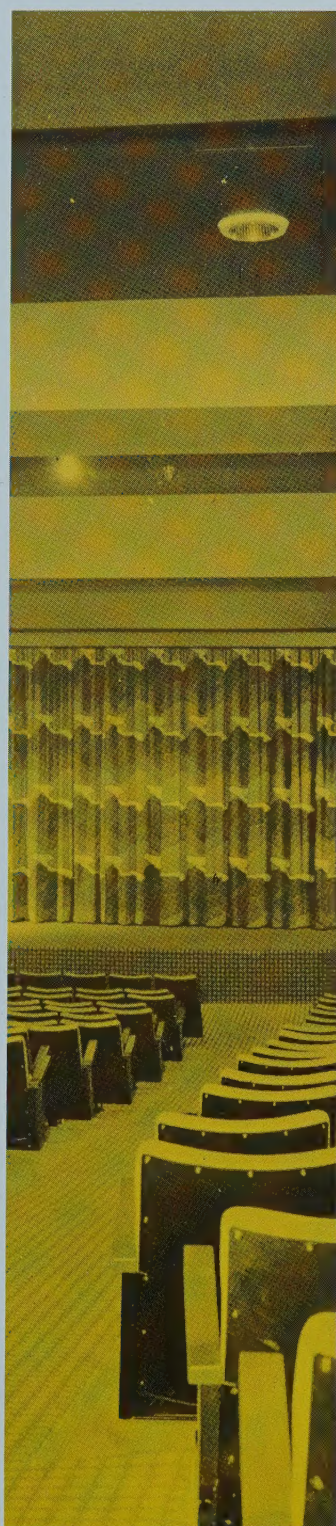
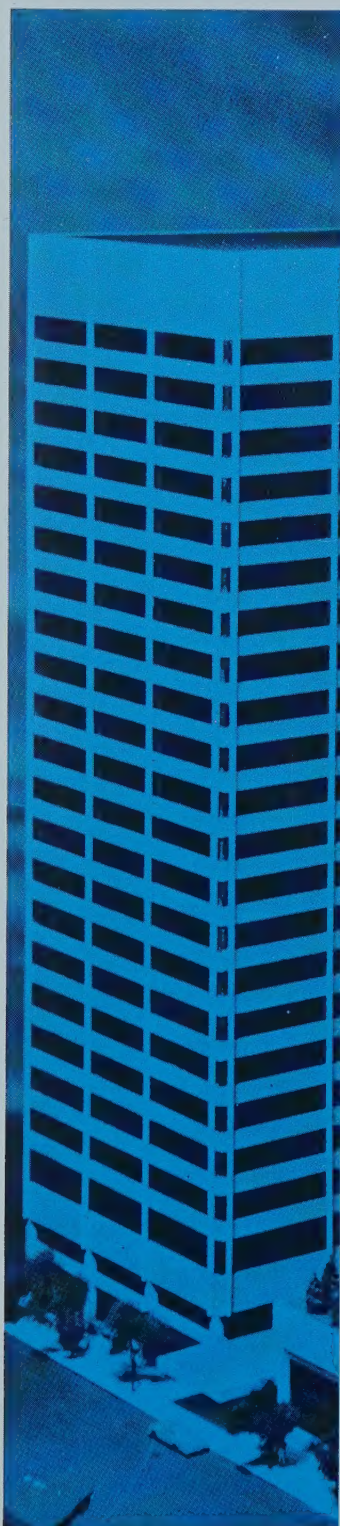


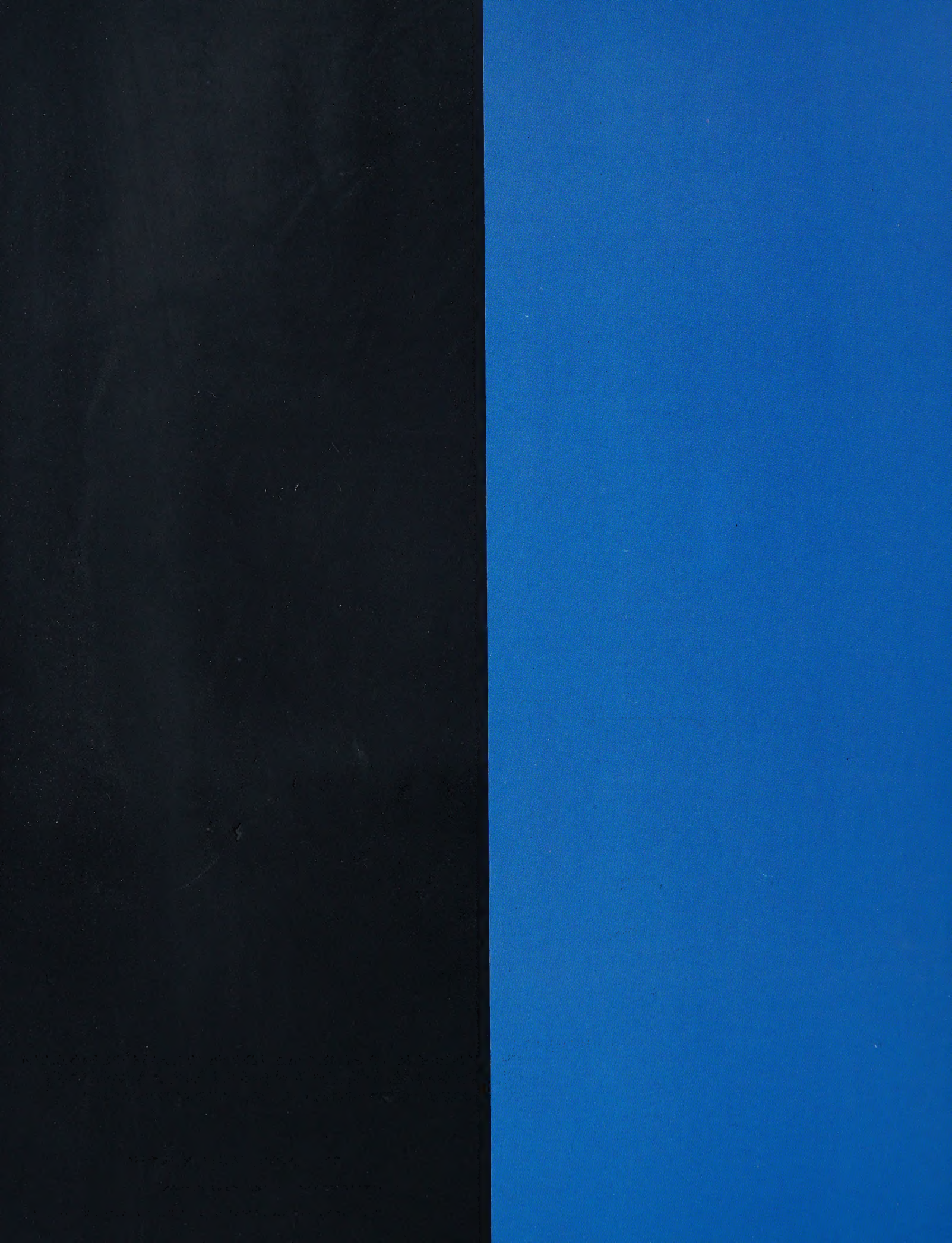
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**FAMOUS PLAYERS CANADIAN CORPORATION LIMITED
49TH., ANNUAL REPORT TO THE SHAREHOLDERS 1968**





**FAMOUS PLAYERS
CANADIAN
CORPORATION
LIMITED**

Executive offices:
130 Bloor Street West
Toronto 5, Canada

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DIRECTORS

BARNEY BALABAN	Honorary Chairman, Paramount Pictures Corporation, New York, New York
CHARLES G. BLUHDORN	Chairman of the Board, Gulf + Western Industries, Inc., New York, New York
GEORGE P. DESTOUNIS	Toronto, Ontario
MARTIN S. DAVIS	Executive Vice-President and Chief Operating Officer, Paramount Pictures Corporation, New York, New York
DON F. GASTON	Executive Vice-President, Gulf + Western Industries, Inc., New York, New York
REUBEN W. BOLSTAD	Toronto, Ontario
HON. J. W. de B. FARRIS, Q.C.	Senator of Canada, Vancouver, British Columbia
GASTON PRATTE	Quebec, Quebec
HON. JOSEPH A. SULLIVAN, M.B., F.R.C.S.(C), Q.H.S.	Senator of Canada, Toronto, Ontario

OFFICERS

CHARLES G. BLUHDORN	Chairman of the Board
GEORGE P. DESTOUNIS	President and Managing Director
WILLIAM A. SUMMERVILLE	Vice-President, Theatre Operations Eastern Div.
ROBERT J. EVES	Vice-President, Theatre Operations Western Div.
EUGENE E. FITZGIBBONS	Vice-President, Communications Management
KENNETH J. EASTON, P.Eng.	Vice-President, Communications Operations
EDWARD D. STROTHER	Vice-President, Realty Development
WILLIAM N. MURRAY	General Manager
J. LAWRENCE PILON, B.A., LL.B.	Secretary
CLARE S. DOIDGE, B.Comm., C.A.	Treasurer
J. DONALD CRUMP, C.A.	Comptroller
ANNE P. CARROLL	Assistant-Secretary
THOMAS CALLENDAR	Assistant-Secretary
JOSEPH P. WHYTE	Assistant-Treasurer
THOMAS W. NAYLOR	Assistant-Treasurer
TRANSFER AGENT MONTREAL TRUST COMPANY	Halifax, Montreal, Toronto, Winnipeg, Vancouver
REGISTRAR THE ROYAL TRUST COMPANY	Halifax, Montreal, Toronto, Winnipeg, Vancouver

HEAD OFFICE DEPARTMENTS

130 Bloor Street West, Toronto

JOSEPH P. WHYTE	Auditing
FRED A. MORLEY	Insurance
NORMAN G. BARKER	Advertising and Publicity
RICHARD H. KRESSIN	Engineering and Maintenance
KENNETH P. RODBERG	Real Estate
FERGUS L. MARTIN	Statistical
JAMES W. CAMERON	Sales Promotion
BRIAN D. COYNE	Manager, Communications Operations

THEATRE CONFECTIONS LIMITED

284 King Street East, Toronto

J. J. FITZGIBBONS, JR.	President and General Manager
FRANK C. TROY	Vice-President Eastern Division Manager Montreal, Quebec
GERALD R. DILLON	Ontario Division Manager
BRANCH MANAGERS	
MURRAY J. SHERRIFF	Winnipeg
WILLIAM J. GIGLIO	Vancouver
JOHN P. DYMONT	Moncton

THEATRE SUPERVISION

ALBERTA, SASKATCHEWAN and
MANITOBA

Capitol Theatre Building, Winnipeg, Manitoba

JOHN FERGUSON	Division Supervisor
E. E. NEWMAN	District Manager

BRITISH COLUMBIA

719 Seymour Street, Vancouver, B.C.

MAYNARD S. JOINER	Division Supervisor
DOUGLAS A. GOW	District Manager

MARITIMES and NEWFOUNDLAND

Capitol Theatre Building, Halifax, Nova Scotia

T. MURRAY LYNCH	District Manager
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ONTARIO

130 Bloor Street West, Toronto, Ontario

DAN E. KRENDEL	District Manager
MORT J. MARGOLIUS	District Manager
A. B. CAMERON	District Manager

QUEBEC

5887 Monkland Avenue, Montreal, Quebec

LES E. MITCHELL	General Manager, United Amusement Corporation Limited
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GENERAL SOUND AND THEATRE EQUIPMENT LTD.

7 Banigan Drive, Toronto

LLOYD C. PEARSON	President and General Manager
LORNE E. SMITH, C.A.	Treasurer
A. D. TURNBULL, P.ENG.	Chief Engineer

DISTRICT MANAGERS

R. WALTER MANN	Winnipeg
CECIL L. JOHNSTON	Saint John
JOHN K. KILCULLEN	Montreal
RAYMOND L. TOWNSEND	Vancouver

WILLIAM L. WALTERHOUSE	Theatre Division, Toronto
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PATRICK L. SHEA	Communications Systems Division, Toronto
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TO THE SHAREHOLDERS:

In my first report to you as your newly elected President and Managing Director, I am pleased to announce that continued progress was made by your Company in 1968. We are continuing the development of additional theatres, both single and dual auditoriums, and, at the same time, up-dating our existing theatres. As a further step in our expansion programme, we have created a new Realty Development Department which is headed by Mr. E. D. Strother who has had extensive experience in the real estate development field, and it is our intention to redevelop our valuable downtown core theatres while maintaining a theatre, or theatres, as part of any such redevelopment.

The net profit for the year was \$4,278,997 or \$2.46 per share as compared to \$3,543,362 or \$2.04 per share in 1967.

FINANCIAL POSITION

Your Company's capital expenditures in new projects and improvement of existing facilities continued unabated in 1968 as evidenced by a net outlay of \$4,752,869, of which \$2,773,546 was for consolidated CATV Companies and \$1,979,323 for theatres. Projected outlays for 1969 are substantially higher and will be financed by present resources and cash to be generated by 1969 operations. The stepped-up capital outlays which commenced in 1967 have resulted in a decrease in working capital as shown on the Source and Disposition of Funds statement.

Your Company's investment in affiliated companies whose accounts are not consolidated, stands at \$5,401,185 and the underlying book value of the net tangible assets represented by this investment is \$8,990,724. From this group of companies, dividends of \$1,418,792 were received in 1968, whereas your Company's share of the net profits of such companies was \$1,560,673.

Dividends paid to you in 1968 were \$2,301,620, being an increase of \$173,707 over 1967. The 1968 dividend rate was \$1.32½, up 10c from 1967, and the indicated equivalent rate for 1969 is \$1.55 per share. Your equity represented by capital stock and retained earnings increased by \$1,997,377 in the year, and now stands at \$36,803,600.

Calgary Place



THEATRES

At the end of 1968, your Company had an interest in 279 indoor theatres and 51 drive-in theatres. This is a net increase of 5 theatres during the year. Of the 330 operated by our Affiliates and ourselves, 186 are included in the consolidated group and the operations of 144 are not consolidated.

In January of this year we acquired the Golden West Drive-In Theatre in Edmonton, a 100% interest in B.C. Drive-In Theatres Limited and a 100% operational interest in the Sunset Drive-In, Calgary.

We have presently under way several new theatre projects such as –

A dual auditorium theatre in Towne & Country Square in Toronto, which we expect to open before the end of the year.

A dual auditorium theatre in Cedarbrae in Scarborough and this, also, we hope to open before the end of the year.

A single auditorium theatre in the College Mall Shopping Centre in Lethbridge, is presently on the drawing boards and construction is expected to start next month.

A single auditorium theatre is presently under construction in Corner Brook, Newfoundland.

In conjunction with our Associates in Sydney, we are planning an addition to the Vogue Theatre which will provide a twin operation in that City.

We have signed Letters of Intent for a new dual auditorium theatre in the Devonshire Shopping Centre in Windsor and a single auditorium theatre in the Garden City Development in Winnipeg North.

Our Thorncliffe Cinema in Thorncliffe Market Place was opened on November 28th, our Pace Theatre in Winnipeg which was completely stripped and rebuilt as the Cinema Polo Park, opened on January 15th, and our new dual auditorium theatre in Lethbridge opened on February 20th.

Our new single auditorium theatre in Highfield Square, Moncton, opened March 18th, our new single auditorium theatre in Denman Place, Vancouver, should open within a month and we are hoping for a June opening of our new dual auditorium in Calgary Place.

We have closed our Alhambra Theatre in Toronto for complete renovations and expect to re-open this before the end of the month as the Baronet Theatre.

The Palace Theatre in Windsor is also undergoing extensive renovations which will add prestige to this location.

OTHER PROPERTIES

The project contemplated by Wilson Century Theatres Limited for its property at Dixon Road and Highway 27 is still under discussion with various developers who are interested in this Complex.

We have had a feasibility study made on our Strand Theatre property in Vancouver for proposed redevelopment and our Palace Theatre property in Calgary is presently under discussion with an interested development firm. We will report further on these locations in our Interim Reports to you.

MOTION PICTURE PRODUCTION

We were fortunate last year in securing such box office hits as THE ODD COUPLE, BONNIE & CLYDE, VALLEY OF THE DOLLS, ROSEMARY'S BABY, WAIT UNTIL DARK, PLANET OF THE APES and THE GRADUATE. Based on the product availability for the first quarter of this year, the indications are that we may expect similar success this year.

TELEVISION AND RADIO

Television de Quebec (Canada) Limitee of Quebec City, which operates CFCM-TV (French Language) and CKMI-TV (English Language), had a very successful year in 1968 and there is every indication that results in 1969 will be the most profitable in the Company's fifteen years of operation.

Central Ontario Television Limited of Kitchener, Ontario, which operates Television Station CKCO-TV and Radio Stations CKKW and CFCA-FM in a very competitive area, did not do as well in 1968 as we had expected.

British Columbia Television Broadcasting System Limited, which operates Station CHAN-TV in Vancouver and CHECK-TV in Victoria, B.C., had a successful year in 1968. The Company's management anticipates that the operating results for 1969 will exceed the fine performance of last year. CJOH-TV Ottawa and CJSS-TV Cornwall, operated by Bushnell T.V. Company Limited in Ottawa, Ontario, also enjoyed another profitable year in 1968.

Your Company holds a 50% interest in Television de Quebec (Canada) Limitee; 48% in Central Ontario Television Limited; 12.39% of the voting common shares, 11.17% of the non-voting common shares and 24.59% of the preferred shares in British Columbia Television Broadcasting System Limited and an indirect equity of 8 1/3% in Bushnell T.V. Company Limited.

COMMUNITY ANTENNA TELEVISION SYSTEMS

Cable T V systems provide a master antenna and distribution service for television signals not normally receivable due to problems of distance and terrain and/or high rise apartment buildings in metropolitan cities. This involves the installation of special (co-axial) cable, running from an antenna on a tall tower to the homes of the area served and eliminates the need for a roof top antenna.

Your Company holds an interest in twenty-one companies operating these systems. At the year end they were providing service to about 233,700 households compared to 173,800 at the end of 1967, representing a 34% increase during the year. Your Company's equity of the subscriber total is about 62%, or approximately 144,200 subscribers connected to the various systems.



Burlington Mall Cinemas

All of the companies during 1968 recorded a cash profit position, with the exception of those systems which are still in the process of development in the cities of Winnipeg, Toronto, Oshawa and Chatham.

Dividend income to your Company from these CATV operations which are not consolidated during 1968 was \$244,800. compared to \$159,700. in 1967. Several of the companies, although in a profit position, are still using a large portion of their profits to pay off prior obligations. As they grow and as these obligations are reduced to a more reasonable level, they will make a more substantial contribution to our consolidated net profits.

All of our affiliated CATV companies continue to make good progress. Our projections indicate that by the end of this year we will have more than 280,000 subscribers on service on these systems.

ASSOCIATED BROADCASTING CORPORATION LIMITED

Associated Broadcasting Corporation Limited, in which your Company has a 50% interest, holds the Ontario Franchise for Muzak, and operated profitably for 1968. Although a large part of the profits earned are still being used to pay off capital obligations, your Company received a small dividend in the amount of \$20,000. from Associated in 1968.

NEW COMMUNICATIONS COMPANY

In November of last year the Canadian Radio-Television Commission held what was designated as an "Informal Hearing" of the application which we and almost all of our Associates in communication enterprises had first made to them in April, 1968.

This was an application to exchange our mutual share interests in three television-radio companies and twenty-one cable TV companies for shares and/or cash and shares in a new communications company.

In that new Company, your Company will have a voting share interest of less than 20% and an over-all equity interest of less than 60%. This conforms to present Federal Government regulations regarding the interest that foreign controlled companies may hold in television, radio and cable TV companies.

At that Hearing, the Commission heard representations from legal Counsel and Officers of your Company and from several of our Associates in communication enterprises.

There was no objection from anyone in the communications industry or elsewhere to the proposal which was presented.

The Commission has now advised that a "Formal Hearing" of our application will be held in Ottawa on April 15th next, after which a decision will be given. It is, of course, impossible for us to say when a final decision on the application may be received. We and our Associates are hopeful that it will be a favourable one and that it will be forthcoming shortly after April 15th, 1969.

OTHER INTERESTS

Our wholly owned subsidiary, Theatre Confections Limited, which supplies a complete confection service to our theatres and also operates and services concessions in arenas, parks and auditoriums, achieved the highest return in the history of the Company in 1968.

The operation of the Company is carried out through five sales offices and distribution warehouses located in Moncton, New Brunswick; Montreal, Quebec; Toronto, Ontario; Winnipeg, Manitoba; and Vancouver, British Columbia.

By combining merchandising, innovations of quality products, new and better equipment, with efficient management and facilities, sales volume reached a new high with an increase of 16% over 1967 sales, and a profit increase of 15%.

Once again, Theatre Confections received international recognition in the annual world-wide competition in the Concession Industry, winning six of the seven awards, including "C.I.M.Y." (Concession Idea Man of the Year) won by Charles Doctor, Manager, Capitol Theatre, Vancouver, British Columbia. This is a great tribute to the efforts of our personnel who directly participated.

The policy of systematically up-dating equipment, renovating existing confection installations and aggressive merchandising will continue. Combining these, in addition to new theatres which will open in the current year, will accelerate sales and returns.

Your Company's ownership interest in General Sound and Theatre Equipment Limited increased in the fourth quarter of 1968 from 66 2/3% to 100%.

This Company's major activities are the selling of projection and sound equipment and supplying technical services to the motion picture industry. In addition, it supplies and installs intercom and public address systems to large commercial premises, schools, hospitals and government buildings.

Both unfilled orders on hand and sales forecasts for 1969 indicate a moderate increase over 1968. Your Company is hopeful that the operations of this wholly owned subsidiary may be expanded into new activities so that its size and profitability will be substantially increased.

During 1968, Toronto Bowlerama Limited, opened two new bowling centres, the Cedarbrae Bowl in Scarborough and the New Sportsmen's Bowl in the west end of Toronto. This Company has continued to show steady improvement and 1968 was its most successful year to date.



Richmond Square Cinemas, Vancouver

LEGISLATION

The Province of Saskatchewan has amended its legislation to permit theatres to operate on Sundays, commencing at 8:30 p.m. While this is not all we had hoped for, it is a step in the right direction and we are continuing our efforts to secure legislation to permit Sunday operation in other Provinces.

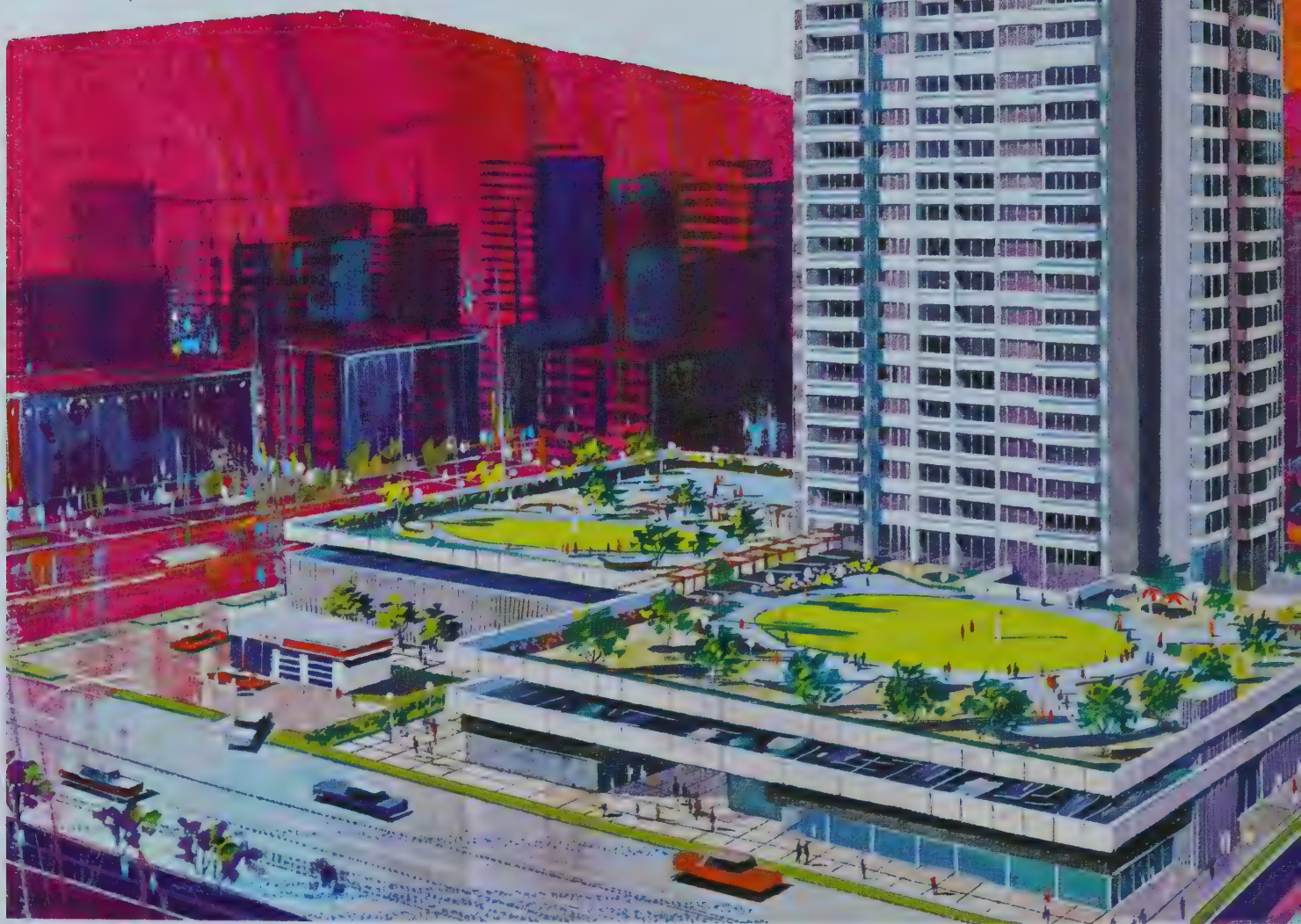
CONCLUSION

In conclusion, I would like to pay tribute to my predecessors in office who, through good times and bad times in our Industry, have guided your Company to its present position of prominence, not only in Canada, but throughout the Industry in general. It is my hope that with your continued support and that of our loyal employees from Coast to Coast, your Company may reach even greater heights in the future.



President and Managing Director

March 27th, 1969.



Denman Place, Vancouver



AUX ACTIONNAIRES:

A l'occasion de ce premier rapport que je vous adresse en tant que votre nouveau président élu et directeur général, j'ai le plaisir de vous annoncer que votre compagnie n'a pas cessé de progresser au cours de 1968. Nous continuons à créer de nouveaux cinémas, tant avec une seule salle qu'avec deux en même temps que nous remettons à neuf les plus anciens. La création d'un nouveau département immobilier, Realty Development Department, dirigé par M. E.D. Strother, qui possède déjà une longue expérience dans ce domaine, a constitué un pas en avant dans notre programme d'expansion. Nous avons par ailleurs l'intention de revaloriser nos cinémas du centre de la ville tout en conservant une ou plusieurs salles dans le cadre de ce projet.

Le bénéfice net s'est élevé cette année à \$4,278,997, soit \$2.46 par action, au lieu de \$3,543,362, soit \$2.04 par action en 1967.

SITUATION FINANCIERE

Les dépenses en immobilisations de votre Compagnie, au titre des nouveaux projets ou découlant de l'amélioration des installations existantes, n'ont pas diminué, ainsi que le montrent les chiffres suivants: les dépenses totales se sont élevées à \$4,752,869, dont \$2,773,546 pour les Compagnies consolidées CATV et \$1,979,323 pour les cinémas. Les dépenses prévues pour 1969 seront sensiblement supérieures et seront financées d'une part par les ressources actuelles et d'autre part par le revenu des opérations qui seront effectuées au cours de 1969. Les dépenses progressives en immobilisations engagées à partir de 1967 ont abouti à une diminution du capital roulant ainsi que le montre le rapport sur la Source et l'Affectation des Fonds.

L'investissement de votre Compagnie dans d'autres compagnies dont les comptes ne sont pas consolidés s'élève à \$5,401,185 et la valeur comptable des valeurs matérielles nettes représentées par cet investissement se monte à \$8,990,724. De ce groupe de compagnies \$1,418,792 ont été distribués en dividendes en 1968 alors que la part de votre Compagnie aux bénéfices nets desdites compagnies était de \$1,560,673.

Les dividendes qui vous ont été versés en 1968 ont totalisé \$2,301,620, soit \$173,707 de plus qu'en 1967. Le taux du dividende en 1968 a été de \$1.32½, soit 10¢ de plus qu'en 1967, et le taux prévu pour 1969 est de \$1.55 par action. La masse représentée par le capital social et les profits retenus a augmenté cette année de \$1,997,377 et se monte à l'heure actuelle à \$36,803,600.

CINEMAS

A la fin de 1968, votre Compagnie avait une participation dans 279 cinémas fermés et 51 cinémas pour automobilistes. Le nombre de cinémas a augmenté de 5 cette année. Sur ces 330 cinémas exploités par nos filiales et nous-mêmes, 186 font partie du groupe consolidé et 144 ne sont pas consolidées.

En janvier de cette année nous avons fait l'acquisition du cinéma pour automobilistes Golden West d'Edmonton; nous avons une participation de 100% dans la B.C. Drive-In Theatres Limited et une autre participation de 100% dans le cinéma pour automobilistes Sunset de Calgary.

Nous travaillons à l'heure actuelle à plusieurs projets, à savoir:

Un cinéma à deux salles au Towne and Countrye Square, à Toronto, que nous espérons ouvrir avant la fin de l'année.

Un cinéma à deux salles à Cedarbrae, Scarborough, que nous espérons également ouvrir avant la fin de l'année.

Un cinéma à une seule salle dans le Centre commercial du College Mall à Lethbridge se trouve au stade de la conception et l'on prévoit que la construction commencera le mois prochain.

Un cinéma à une seule salle est en construction à Corner Brook, dans la province de Terre-Neuve.

Conjointement avec nos associés à Sydney, nous projetons d'agrandir le cinéma Vogue, ce qui doublera le volume des nos activités dans cette ville.

Nous avons signé une déclaration d'intention en vue de la construction d'un nouveau cinéma à deux salles dans le centre commercial Devonshire à Windsor et d'un cinéma à une seule salle dans le Garden City Development à Winnipeg-Nord.

Notre cinéma Thorncliffe, sur la Place du Marché de Thorncliffe, a ouvert ses portes le 28 novembre; notre cinéma Pace à Winnipeg a été complètement démoli et reconstruit sous le nom de Cinéma Polo Park qui a été inauguré le 15 janvier; enfin notre nouveau cinéma à deux salles de Lethbridge a ouvert ses portes le 20 février.

Nous avons ouvert le 18 mars un nouveau cinéma à une seule salle au Highfield Square, à Moncton et nous devons inaugurer notre nouveau cinéma à une seule salle au Denman Place, à Vancouver, d'ici un mois; nous espérons ouvrir en juin prochain notre nouveau cinéma à deux salles au Calgary Place.

Nous avons fermé notre cinéma Alhambra de Toronto afin de le rénover complètement, et nous espérons le réouvrir avant la fin du mois sous le nom de Baronet Theatre.

Le cinéma Palace à Windsor subit également d'importantes rénovations qui ne feront que rehausser son prestige.

AUTRES PROPRIETES

Le projet envisagé par la Wilson Century Theatres Limited au sujet de sa propriété sur la Dixon Road et l'autoroute 27 est encore au stade de la négociation avec différents promoteurs intéressés à ce Complexe.

Nous avons fait faire une étude de rentabilité au sujet de notre cinéma Strand à Vancouver, en vue de sa revalorisation, et les négociations se poursuivent avec le promoteur qui s'intéresse à notre cinéma Palace à Calgary. Nous vous tiendrons au courant de toutes ces affaires par le truchement de nos rapports intérimaires.

PRODUCTION DE FILMS

L'année dernière, nous avons eu la chance de nous procurer des succès aussi importants que THE ODD COUPLE, BONNIE AND CLYDE, VALLEY OF THE DOLLS, ROSEMARY'S BABY, WAIT UNTIL DARK, PLANET OF APES et THE GRADUATE. En considérant les films que nous nous sommes procurés au cours de ce premier trimestre, nous pouvons nous attendre à un succès du même genre cette année encore.

TELEVISION ET RADIO

Télévision de Québec (Canada) Limitée, sise à Québec, qui exploite CFCM-TV (réseau français) et CKMI-TV (réseau anglais), a connu un grand succès en 1968 et tout porte à croire qu'en 1969 les résultats seront supérieurs à ceux des quinze années d'activité de la Compagnie.

Central Ontario Television Limited de Kitchener (Ontario), qui exploite la station de télévision CKCO-TV et les stations de radio CKKW et CFCA-FM dans une région de grande concurrence n'a pas été aussi fructueuse que nous l'espérions en 1968.

British Columbia Television Broadcasting System Limited, qui exploite la station CHAN-TV à Vancouver et CHECK-TV à Victoria (C.B.) a connu une année fructueuse en 1968. La direction de la Compagnie prévoit déjà que les résultats des opérations en 1969 dépasseront ceux de l'année dernière. CJOH-TV à Ottawa et CJSS-TV à Cornwall, exploités par la Bushnell T.V. Company Limited d'Ottawa (Ontario) ont également connu une année prospère en 1968.

Votre Compagnie détient une participation de 50% dans Télévision de Québec (Canada) Limitée, 48% dans Central Ontario Television Limited, 12.39% des actions ordinaires avec droit de vote, 11.17% des actions ordinaires sans droit de vote et 24.59% des actions privilégiées dans la British Columbia Television Broadcasting System Limited et une participation indirecte de 8 1/3% dans la Bushnell T.V. Company Limited.

SYSTEMES D'ANTENNES DE TELEVISION COMMUNAUTAIRES

Les systèmes de télévision à câble consistent en une antenne principale et un service de distribution des signaux de télévision qui ne sont pas normalement reçus à cause de la distance, de la nature du terrain et/ou des édifices très hauts dans les grandes villes. Ce système suppose l'installation d'un câble spécial (coaxial), allant de l'antenne située sur une tour en hauteur vers les foyers de la région desservie, éliminant ainsi l'antenne sur le toit.

Votre Compagnie détient une participation dans vingt et une compagnies exploitant ces systèmes. A la fin de l'année, ces dernières desservaient environ 233,700 foyers au lieu de 173,800 à la fin de 1967, soit une augmentation de 34% en une seule année. La masse de votre Compagnie par rapport au total des abonnés est d'environ 62%, soit approximativement 144,200 abonnés reliés aux différents systèmes.



Chinook Theatre, Calgary

Toutes les compagnies ont enregistré au cours de 1968 une situation de caisse bénéficiaire à l'exception des systèmes en voie de réalisation dans les villes de Winnipeg, Toronto, Oshawa et Chatham.

Le revenu en dividendes qui échoit à votre Compagnie et qui provient de ces services de télévision par antenne communautaire, non consolidés a été de \$244,800 en 1968, au lieu de \$159,700 en 1967. Bien qu'en position bénéficiaire, plusieurs compagnies consacrent encore une grande part de leurs bénéfices au remboursement des dettes contractées antérieurement. Etant donné que les bénéfices augmentent et que les dettes sont réduites à un niveau plus raisonnable, ces compagnies contribueront de façon beaucoup plus sensible à nos bénéfices nets consolidés.

Toutes les compagnies de systèmes de télévision par antenne communautaire affiliées à votre Compagnie continuent à réaliser de grands progrès. Nos prévisions laissent entrevoir que vers la fin de cette année nous aurons plus de 280,000 abonnés.

ASSOCIATED BROADCASTING CORPORATION LIMITED

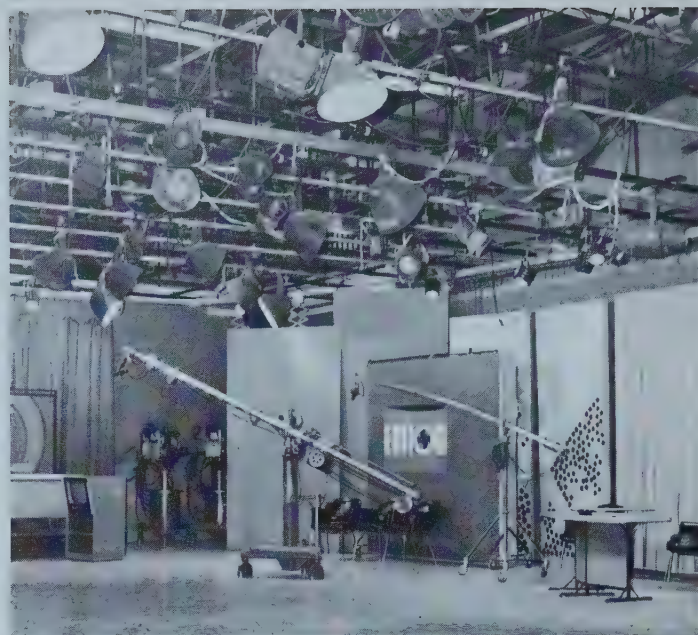
La Associated Broadcasting Corporation Limited, dans laquelle votre Compagnie détient une participation de 50%, bénéficie d'une concession Muzak pour l'Ontario et a enregistré un profit en 1968. Bien qu'une grande part des profits réalisés doive être affectée au remboursement des dettes de capital, votre Compagnie a reçu de la Associated un petit dividende de \$20,000 en 1968.

NOUVELLE COMPAGNIE DE COMMUNICATIONS

En novembre dernier, le Conseil de la Radio-Télévision Canadienne a tenu une "Audience officielle" au sujet de la requête que nous avons formulée pour la première fois en avril 1968 avec la plupart de nos homologues dans les entreprises de communications.

Cette requête avait pour but d'échanger nos actions dans trois compagnies de radio-télévision et vingt et une compagnies de télévision par câble contre d'autres actions et/ou des valeurs en espèces et des actions dans une nouvelle compagnie de communications.

Dans cette nouvelle entreprise, votre Compagnie aura une participation avec droit de vote inférieure à 20% et une participation sur la masse totale de moins de 60%. Cette proportion est conforme à la réglementation actuelle du Gouvernement Fédéral concernant la participation que les compagnies contrôlées par l'étranger peuvent détenir dans les compagnies de télévision, radio et télévision par câble.



Facilities used by your Company and its Associates in Television and "Muzak" operations.

Au cours de cette Audience, le Conseil a entendu l'exposé du conseiller juridique et des membres du bureau de votre Compagnie et de plusieurs entreprises de communications homologues.

La requête présentée n'a soulevé aucune objection ni du secteur des communications ni de tout autre secteur.

Le Conseil vient de communiquer qu'une "Audience officielle" concernant notre requête aurait lieu à Ottawa le 15 avril prochain, après laquelle une décision serait prise.

Il nous est impossible de vous préciser la date d'une décision ferme au sujet de notre requête. Nos homologues et nous-mêmes formulons le vœu que cette décision soit favorable et qu'elle nous parvienne peu après le 15 avril 1969.

AUTRES INTERETS

Theatre Confections Limited, une filiale qui nous appartient intégralement, assure un service complet de confiserie dans nos cinémas et accorde d'autre part des concessions qu'elle dessert dans des arénas, parcs et salles de spectacles; elle a réalisé en 1968 le profit plus élevé de toute l'histoire de la Compagnie.



General Sound and Theatre Equipment Limited supplied the special effects and sound system in the McLaughlin Planetarium, Toronto.

La Compagnie opère par le truchement de cinq bureaux de vente et entrepôts de distribution situés à Moncton (Nouveau-Brunswick), Montréal (Québec), Toronto (Ontario), Winnipeg (Manitoba) et Vancouver (Colombie Britannique).

En combinant les techniques de commercialisation, la mise sur le marché de produits de qualité, un équipement nouveau plus perfectionné ainsi qu'une administration et des services plus efficaces, il a été possible d'atteindre un chiffre d'affaires sans précédent, avec un accroissement de 16% sur celui de 1967 et une augmentation de bénéfices de 15%.

Une fois encore, la supériorité de Theatre Confections a été internationalement reconnue, à l'occasion du concours mondial organisé par l'Industrie des Concessions; cette compagnie a remporté six des sept récompenses, dont la "C.I.M.Y." (Concession Idea Man of the Year) gagnée par Charles Doctor, directeur du cinéma Capitol à Vancouver (Colombie Britannique). C'est là un grand hommage aux efforts de notre personnel qui a contribué de façon active.

Nous poursuivons notre politique de modernisation systématique du matériel et de rénovation des installations de confiserie existantes ainsi que nos méthodes dynamiques de commercialisation. Cette politique combinée à l'ouverture de nouveaux cinémas dans le courant de l'année est de nature à stimuler les ventes et les profits.

La participation de votre Compagnie dans la General Sound and Theatre Equipment Limited a augmenté au cours du quatrième trimestre de 1968 pour passer de 66 2/3% à 100%.

Les principales activités de cette Compagnie sont la vente d'équipement sonore et de projection ainsi que l'offre de services techniques à l'industrie cinématographique. De plus, elle fournit et installe différents systèmes de téléphone intérieur et des systèmes de haut-parleurs pour entreprises commerciales étendues, écoles, hôpitaux et édifices gouvernementaux.

Les commandes en voie d'expédition, de même que les prévisions pour 1969, indiquent un accroissement appréciable par rapport à 1968. Votre Compagnie espère que les opérations de cette filiale, qui nous appartient intégralement, lui permettront de s'engager dans de nouvelles activités de sorte à augmenter sensiblement son importance et son indice de profit.

Au cours de 1968, Toronto Bowlerama Limited a ouvert deux nouveaux centres de jeux de quilles: le Cedarbrae Bowl à Scarborough et le New Sportsmen's Bowl dans le secteur ouest de Toronto. Cette Compagnie n'a pas cessé de progresser, et 1968 a été sa meilleure année jusqu'à ce jour.

LEGISLATION

La Province de la Saskatchewan a amendé sa législation afin de permettre aux cinémas d'ouvrir le dimanche à partir de 20 h 30. Nous avons escompté mieux, mais ce n'est là qu'un pas dans la bonne direction, et nous poursuivons nos efforts en vue de faire adopter une législation qui permette le fonctionnement des cinémas le dimanche dans d'autres Provinces.

CONCLUSION

En conclusion, je voudrais rendre hommage à ceux qui m'ont précédé à ce poste et qui, passant par les hauts et les bas de notre Industrie, ont guidé votre Compagnie jusqu'à sa situation éminente actuelle, non seulement au Canada, mais partout où l'Industrie existe. J'espère que grâce à votre appui continu et à celui de nos loyaux employés répartis d'un océan à l'autre, votre Compagnie puisse conquérir de plus grands sommets à l'avenir.

Le Président et Directeur Général



Le 27 mars 1969.

FINANCIAL FOLIO

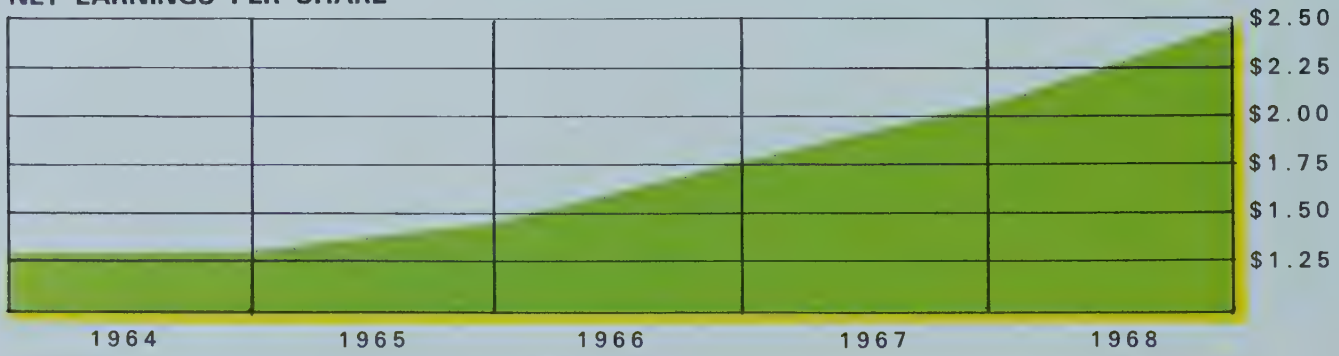
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FAMOUS PLAYERS CANADIAN CORPORATION LIMITED AND SUBSIDIARY COMPANIES

FIVE YEAR REVIEW

	1968	1967	1966	1965	1964
OPERATING RESULTS					
Net Sales	\$47,867,257	\$42,707,242	\$35,925,399	\$28,347,758	\$26,376,910
Depreciation	2,787,960	2,180,500	1,634,830	1,120,830	1,103,510
Earnings before income taxes	7,111,419	5,869,557	5,101,960	3,904,159	3,490,158
Net Earnings	4,278,997	3,543,362	3,078,716	2,432,040	2,243,671
Net Earnings per share	2.46	2.04	1.77	1.40	1.29
Dividends paid per share	1.32½	1.22½	1.20	1.00	1.00
FINANCIAL POSITION					
Working Capital	1,944,565	3,016,735	5,940,929	7,760,762	7,995,658
Fixed Assets (net)	30,241,919	26,520,014	23,838,830	15,501,246	14,573,895
Total Assets	45,903,872	43,261,205	40,856,474	34,942,896	33,912,378
Shareholders' Equity	36,803,600	34,826,223	33,410,774	31,852,848	31,157,880
Equity per share	21.19	20.05	19.23	18.34	17.94
STATISTICS					
Number of shareholders	3,895	4,388	5,624	6,287	6,898
Number of theatres	330	325	319	312	303
Number of community antenna systems	21	21	21	16	15

NET EARNINGS PER SHARE



FAMOUS PLAYERS CANADIAN CORPORATION LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS

	Fiscal year ended	
	December 28 1968	December 30 1967
Theatre admissions (excluding amusement taxes), CATV revenue, confection and equipment sales and other income (Note 1)	\$47,867,257	\$42,707,242
Theatre operating expenses, cost of goods sold and administration	39,729,296	36,194,916
Operating profit before the undernoted items	8,137,961	6,512,326
Dividends received	1,556,883	1,460,166
Interest earned and profit on sale of securities	378,756	369,962
Profit on sale of fixed assets	171,667	61,914
	10,245,267	8,404,368
Depreciation	2,787,960	2,180,500
Share of profits to minority interests	345,888	354,311
	3,133,848	2,534,811
Earnings before income taxes	7,111,419	5,869,557
Income taxes	2,832,422	2,326,195
Net earnings for the year	<u>\$ 4,278,997</u>	<u>\$ 3,543,362</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	Fiscal year ended	
	December 28 1968	December 30 1967
Balance at beginning of year	\$24,061,333	\$22,645,884
Net earnings for the year	4,278,997	3,543,362
	28,340,330	26,189,246
Dividends paid (1968 - \$1.32½ per share; 1967 - \$1.22½ per share)	2,301,620	2,127,913
Balance at end of year	<u>\$26,038,710</u>	<u>\$24,061,333</u>

See accompanying notes to consolidated financial statements.

FAMOUS PLAYERS CANADIAN CORPORATION

CONSOLIDATED

ASSETS



	December 28 1968	December 30 1967
CURRENT ASSETS:		
Cash	\$ 754,193	\$ 579,816
Short term investments	65,000	133,235
Marketable securities, at cost (market value December 28, 1968 – \$2,970,958)	2,594,486	4,081,034
Receivables from affiliated companies	418,847	349,653
Other receivables	1,815,583	1,595,438
Inventories of merchandise, at the lower of cost and net realizable value	1,161,078	1,029,603
Prepaid expenses	443,588	423,392
	<u>7,252,775</u>	<u>8,192,171</u>
INVESTMENTS:		
Notes and mortgages receivable due after one year	1,333,951	1,093,554
Investment in shares of affiliated companies	3,413,214	5,150,545
Advances to affiliated companies	1,987,971	2,304,921
	<u>6,735,136</u>	<u>8,549,020</u>
FIXED ASSETS, at cost:		
Land	6,174,084	6,318,423
Buildings, equipment and leaseholds	62,650,074	55,393,319
Less – Accumulated depreciation	(38,582,239)	(35,191,728)
	<u>30,241,919</u>	<u>26,520,014</u>
OTHER ASSETS:		
Premium (net) on acquisition of subsidiary companies (Note 1)	1,674,042	—
	<u>\$45,903,872</u>	<u>\$43,261,205</u>

See accompanying notes to consolidated financial statements

LIMITED AND SUBSIDIARY COMPANIES

BALANCE SHEET

LIABILITIES AND SHAREHOLDERS' EQUITY

	December 28 1968	December 30 1967
CURRENT LIABILITIES:		
Bank advances	\$ 1,605,114	\$ 2,017,118
Accounts payable and accrued expenses	2,215,659	1,753,339
Owing to affiliated companies	15,445	38,714
Long term debt due within one year	232,008	450,022
Income taxes	1,239,984	916,243
	<u>5,308,210</u>	<u>5,175,436</u>
PREPAYMENTS FOR SERVICES	1,149,831	698,317
DEFERRED INCOME TAXES	1,068,118	282,865
LONG TERM DEBT OF SUBSIDIARY COMPANIES, less amount due within one year included above (Note 2)	513,248	632,674
MINORITY INTERESTS	1,060,865	1,645,690
SHAREHOLDERS' EQUITY:		
Capital stock (Notes 3, 4, 5 and 6) – Authorized – 1,800,000 common shares without nominal or par value		
Issued – 1,737,072 shares	10,764,890	10,764,890
Retained earnings	26,038,710	24,061,333
	<u>36,803,600</u>	<u>34,826,223</u>
APPROVED ON BEHALF OF THE BOARD:		
 Director		
 Director		
	<u>\$45,903,872</u>	<u>\$43,261,205</u>

dated financial statements.

FAMOUS PLAYERS CANADIAN CORPORATION LIMITED AND SUBSIDIARY COMPANIES

**CONSOLIDATED STATEMENT OF SOURCE AND
DISPOSITION OF FUNDS**

	Fiscal year ended	
	December 28 1968	December 30 1967
SOURCE OF FUNDS		
Operations:		
Net earnings for the year	\$ 4,278,997	\$ 3,543,362
Depreciation	2,787,960	2,180,500
Deferred income taxes	471,608	4,230
	7,538,565	5,728,092
Decrease in notes and mortgages receivable	—	337,966
Other items	—	242,489
	7,538,565	6,308,547
DISPOSITION OF FUNDS		
Increase in notes and mortgages receivable	240,397	—
Decrease in long term debt	174,880	454,821
Additions to fixed assets (net)	4,752,877	4,861,684
Investment in shares of and advances to affiliated companies (net)	80,765	1,315,947
Additional investment in subsidiary companies (net)	954,332	472,376
Dividends paid (1968 – \$1.32½ per share; 1967 – \$1.22½ per share)	2,301,620	2,127,913
Other items (net)	105,864	—
	8,610,735	9,232,741
Decrease in working capital	\$ 1,072,170	\$ 2,924,194

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 28, 1968

1. The premium on acquisition of subsidiary companies shown on the balance sheet represents the excess of the cost of the investment in shares of certain previously affiliated companies consolidated for the first time as at December 28, 1968, over the book values of the underlying net assets at dates of acquisition. It is not the present intention of the company to amortize this premium. The earnings of these subsidiaries have been reflected in the consolidated statement of earnings from December 31, 1967.
2. Long term debt of subsidiary companies:

6% Mortgages payable in equal annual instalments 1969 to 1976	\$295,870
Bank loan payable in instalments 1969 and 1970	306,000
Other purchase obligations and loans due 1969 to 1972	143,386
	<u>745,256</u>
Less – Instalments due within one year	<u>232,008</u>
	<u>\$513,248</u>
3. On February 7, 1969 the company issued 57,500 common shares at the price of \$80 per share for an aggregate consideration of \$4,600,000. The company has temporarily invested these funds by way of a short term loan to a wholly owned subsidiary of Gulf & Western Industries Inc.
4. At a special general meeting of shareholders on March 4, 1969, a by-law was approved subdividing each issued and unissued common share without nominal or par value into four common shares without nominal or par value and increasing the authorized capital of the company to 20,000,000 common shares, provided that the unissued common shares are not to be issued for an aggregate consideration exceeding \$52,000,000. Supplementary letters patent dated March 15, 1969 have been received confirming these changes to the share capital.
5. Subsequent to the subdivision of the common shares set out in Note 4, the company has approved the creation of share purchase warrants for 5,000,000 common shares of the company. On March 26, 1969 the company issued to shareholders of record on April 30, 1969, purchase warrants on the basis of one warrant for each ten shares held, after subdivision of the common shares. These purchase warrants entitle the holder to purchase one common share at \$25 per share on or before December 31, 1979.
6. The company has granted to a senior officer and director, as of January 1, 1969, an option to purchase 5,000 common shares (before subdivision) in the capital of the company at \$64.80 per share. The option may only be exercised at any time after December 31, 1971.
7. The company is contingently liable with respect to guarantees of obligations of affiliated companies in the amount of approximately \$2,557,000 as at December 28, 1968.
8. Minimum commitments as at December 28, 1968 for rentals of premises under 84 leases extending to the year 2060 amount to \$19,659,000. Rental expense for the fiscal year ended December 28, 1968 was \$1,434,236 and the minimum annual payments required in each of the next five years are:

1969	\$1,376,000
1970	1,273,000
1971	1,160,000
1972	1,112,000
1973	1,017,000
9. The direct remuneration of directors and senior officers for the year ended December 28, 1968 was \$313,482 (1967 – \$290,556); of this amount \$134,400 (1967 – \$133,400) was paid to directors.

PRICE WATERHOUSE & Co.

P.O. BOX 51
TORONTO-DOMINION CENTRE
TORONTO 1

AUDITOR'S REPORT

Toronto
March 27, 1969.

To the Shareholders of
Famous Players Canadian Corporation Limited:

We have examined the consolidated balance sheet of Famous Players Canadian Corporation Limited and its subsidiaries as at December 28, 1968 and the consolidated statements of earnings, retained earnings and source and disposition of funds for the fiscal year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 28, 1968 and the results of their operations and the source and disposition of their funds for the fiscal year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

Price Waterhouse & Co.

Chartered Accountants.



Popular Glen Campbell's first film with John Wayne and Kim Darby - *"True Grit"* a western drama from Paramount Pictures.



High comedy is rampant in *"Monte Carlo or Bust! With Those Hairpin Harrys In Their Jaunty Jalopies"* from Paramount Pictures, as Tony Curtis, Terry Thomas, and Gert Frobe are turned loose in a story about competitors in the annual endurance test of men and machines at Monte Carlo.





Sterling North's well known novel about the adventures of a young boy and his pet raccoon provides the material for "*Rascal*" with Bill Mummy, Steven Forrest, and Pamela Toll - from Walt Disney Studios.



Released by BUENA VISTA



From Walt Disney comes this re-issue of that ever fresh cartoon film classic "*Peter Pan*" with its pirates, mermaids, and exciting trip to Never-Never land.

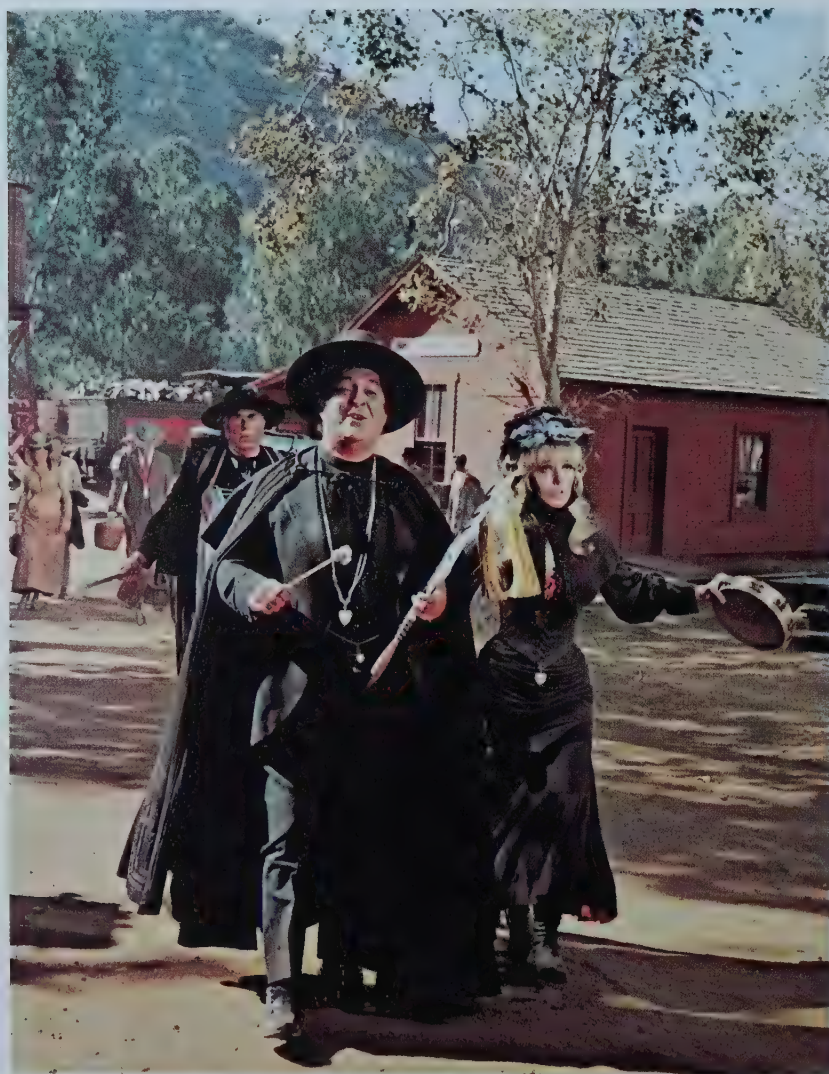


Richard Burton, Clint Eastwood, Mary Ure are proudly presented in *"Where Eagles Dare"*, an M.G.M. film of high adventure and excitement as undercover agents embark on an impossible rescue mission inside Nazi Germany.



Breathtaking Cinerama photography coupled with a tense plot involving a U.S. nuclear submarine at the North Pole are seen in *"Ice Station Zebra"* with outstanding performances by Rock Hudson, Ernest Borgnine, Jim Brown, Patrick McGeehan and Lloyd Nolan.

Filmed on location in Mexico *"The Wild Bunch"* is a western adventure drama with an all star cast featuring William Holden, Ernest Borgnine, and Robert Ryan – Warner Bros-7 Arts.



"The Great Bank Robbery" stars Zero Mostel, Kim Novak, and Clint Walker in a hilarious comedy about thieves who pull off a big job in the West of 1875.



Beautiful Elizabeth Taylor and Warren Beatty star as a night club entertainer and gambling man stranded in Las Vegas in *"The Only Game in Town"* from Twentieth Century-Fox.



Gregory Peck with Anne (The Fox) Heywood are featured in a story of a Chinese threat of biological warfare in *"The Chairman"* from Twentieth Century-Fox.



20th
CENTURY-FOX

An all star cast presents Paul Newman, Robert Redford, and Catharine (The Graduate) Ross in *"Butch Cassidy and the Sundance Kid"*, a comedy about western outlaws on the lam with a lovely, willing ex-school teacher.



TOPAZ



Producer-Director Alfred Hitchcock's latest film "Topaz" with Frederick Stafford, John Forsythe - a suspense drama of international intrigue.



"How Many Roads" from Universal pictures stars Sydney Poitier and Joan Shimkus in this drama about the civil right movement - from the screenplay by Robert Allan Aurthur.

Fred Astaire, Anne (The Fox) Heywood, and Richard Crenna combine their talents in an earth shaking swindle to provide suspense, comedy, romance, and the unexpected in *"The Midas Run"*.



FROM  CINERAMA



Marriage, divorce, and the generation gap are all mixed up in *"How to Commit Marriage"* with Jackie Gleason, Bob Hope, Martha Hyer, and Jane Wyman.

"Daddy's Gone A'Hunting" from National General Productions, features Carol White and Scott Hylands in a suspenseful psychological murder thriller.



Anthony Quinn co-stars with Irene Pappas and Inger Stevens in a bittersweet poignant contemporary drama *"A Dream of Kings"* in this screen version of Harry Mark Petrakis' best-selling novel.

**ASSOCIATES AND EXECUTIVE OFFICERS OF COMPANIES AFFILIATED WITH
FAMOUS PLAYERS CANADIAN CORPORATION LIMITED**

**Community
Antenna Associates**

ALBERTA

LETHBRIDGE

CableVision Lethbridge Ltd.
Messrs. A. W. Shackelford, N. A. Botterill,
Benjamin B. Torchinsky, Israel Switzer,
William Tax and Abraham Berday

MEDICINE HAT

CableVision Medicine Hat Ltd.
Messrs. J. H. Yuill, W. H. Yuill,
Benjamin B. Torchinsky, Israel Switzer,
Abraham Berday and William Tax

BRITISH COLUMBIA

ALBERNI and PORT ALBERNI

Alberni Cable Television Limited
Messrs. H. E. Warren and I. H. Hollway

POWELL RIVER

Powell River Television Company Ltd.
Mr. Gordon Turner

MANITOBA

WINNIPEG

Metro Videon Limited
Messrs. Ralph S. Misener, R. L. Moffat,
C. R. Boucher and Twin City Holdings Limited

ONTARIO

BARRIE

Barrie Cable TV Limited
George E. Saunders Manager

BRANTFORD and NEWMARKET

Jarmain Cable TV Limited
Messrs. W. K. Jarmain and E. R. Jarmain

BROCKVILLE

Brockville Amusements Limited
Forden Investments Ltd. and Cable T.V. Ltd.

CHATHAM

Chatham Cable TV Limited
The London Free Press Holdings Limited and
Jarmain Teleservices Limited

CORNWALL

Cornwall Cable Vision 1961 Limited
Mr. C. G. Markell and Mr. G. B. Markell

HAMILTON

Hamilton Co-Axial (1958) Limited
William A. Hansford, Manager

**KITCHENER, WATERLOO, STRATFORD,
GALT and PRESTON**

Grand River Cable TV Limited
Mr. Carl A. Pollock, and Mr. W. D. McGregor

LONDON

London TV Cable Service Limited
Mr. Edwin R. Jarmain

ORILLIA

Orillia Cable TV Limited
George E. Saunders

OSHAWA

Oshawa Cable TV Limited
Jarmain Teleservices Limited and
Mr. William J. Leask

OTTAWA

Skyline Cablevision Limited
Bushnell T.V. Co. Limited, Cable T.V. Ltd.,
Soloway Holdings Limited,
Mr. George H. Nelms, Mrs. Kathleen Ryan,
Mr. Merrill Tucker, et al

PORT ARTHUR and FORT WILLIAM

Lakehead Videon Limited
Mr. Claude R. Boucher and
Twin City Holdings Ltd.

TORONTO

Metro Cable TV Limited
Mr. Brian D. Coyne, General Manager

QUEBEC

HULL

Laurentian Cablevision Ltd.
Bushnell T.V. Co. Ltd. and Cable T.V. Ltd.

MONTREAL

Cable T.V. Ltd.
United Amusement Corporation Limited and
Mr. David M. Campbell

SASKATCHEWAN

ESTEVAN and WEYBURN

Co-Ax Television (1962) Ltd.
Messrs. Benjamin B. Torchinsky,
Israel Switzer, William Tax, and
Abraham Berday

ASSOCIATES AND EXECUTIVE OFFICERS OF COMPANIES AFFILIATED WITH FAMOUS PLAYERS CANADIAN CORPORATION LIMITED

Television and Radio Associates

VANCOUVER – VICTORIA

British Columbia Television Broadcasting System Ltd., Mr. Ray Peters, President
Operating CHAN-TV, Vancouver and
CHEK-TV, Victoria

KITCHENER

Central Ontario Television Limited
Messrs. Carl A. Pollock, President;
W. D. McGregor, Vice-President and
General Manager; J. E. Eakins, Treasurer
Operating CKCO-TV and radio stations
CKKW-AM and CFCA-FM Kitchener, Ontario

OTTAWA – CORNWALL

Bushnell T.V. Co., Limited
(Associated with United Century Theatres Limited), Mr. Ernest Bushnell, President
Mr. Stuart Griffiths, Executive Vice-President
and Managing Director
Operating CJOH-TV Ottawa and
Cornwall Broadcasting Limited operating
CJSS TV Cornwall

QUEBEC

Television de Quebec (Canada) Limitee
Mr. Gaston Pratte, President,
Mr. Jean Pouliot, Managing Director
Mr. Henri LePage, Secretary
Operating CFCM-TV (French) and CKMI-TV
(English) Quebec City

Music by Muzak Associate

TORONTO

Associated Broadcasting Corporation Limited
Mr. Allan F. Waters, President
W. S. West, General Manager

Bowling Associates

GUELPH

Sportsman's

TORONTO

Newtonbrook, Nortown, Thorncliffe,
Cedarbrae, New Sportsman's Bowl,
Toronto Bowlerama Limited
Messrs. Gurston Allen and Jack M. Fine

NORTH BATTLEFORD

Messrs. C. V. and Jack Marshall

ASSOCIATES AND EXECUTIVE OFFICERS OF COMPANIES AFFILIATED WITH FAMOUS PLAYERS CANADIAN CORPORATION LIMITED

Theatre Associates

ALBERTA

CALGARY

Calgary Theatres Ltd.
Mr. K. M. Leach

LETHBRIDGE

Lethbridge Theatres Ltd.
Mr. A. W. Shackelford and Sons
Mr. R. A. Thrall

LACOMBE, PONOKA and RED DEER

Messrs. Leonard, Donald, Gordon and
Harold Purnell and Mr. Edward Somshor

BRITISH COLUMBIA

CRANBROOK

Messrs. Leonard, Donald, and Gordon Purnell,
Mr. W. F. Archibald and Mr. Edward Somshor

PORT ALBERNI

Port Alberni Theatres Limited
Mr. Harold E. Warren

MANITOBA

THOMPSON

Club Montreal Company, Limited
Messrs. Barry Allen, L. Bernstein and
W. J. Snowball

NOVA SCOTIA

NEW WATERFORD

New Waterford Theatres Limited
Messrs. Eldridge Gouthro, Harry and
Frederick Gregor and George D. Walker

STELLARTON

Mr. F. H. Sobey

SYDNEY

Mr. and Mrs. George Dockwrey

ASSOCIATES AND EXECUTIVE OFFICERS OF COMPANIES AFFILIATED WITH FAMOUS PLAYERS CANADIAN CORPORATION LIMITED

ONTARIO

CORNWALL

Palace Amusements Co. Ltd.
Messrs. Clarence and G. B. Markell

KIRKLAND LAKE

Kirkland Amusements & Holdings Ltd.
Mr. Harry Atkins

SUDBURY

Victory Theatre (Timmins) Limited and
United Century Theatres Limited

TIMMINS

Timmins Theatres Ltd.
Mr. Dan Mascioli

TORONTO

Acme Theatres Limited
Mr. S. Roth
B. & F. Theatres Limited
Messrs. Samuel Fine, Jack Fine and
George Fine
Pylon Theatre Limited
Messrs. Lionel Lester and D. B. Sterling
Theatre Candy Bars Limited
Mr. David W. Axler
Theatre Holding Corporation Limited
Messrs. Barry Allen, L. Bernstein and
W. J. Snowball
Twinex Century Theatres Corporation Limited
Messrs. N. A. Taylor and H. S. Mandell
Wilson Century Theatres Limited
Messrs. W. B. and M. M. Herman and
Messrs. N. A. Taylor and H. S. Mandell

PRINCE EDWARD ISLAND

F. G. Spencer Company Limited
Messrs. F. Gordon Spencer and
Gerald Spencer

QUEBEC

BOURLAMAQUE

Lamaque Theatre Enterprises Limited
Messrs. Abe Kaplan, Nathan Kaplan and
Isadore Kaplan

CHIBOUGAMAU

Chibougamau Theatre Inc.
Mr. Harry Atkins

MONTREAL

Consolidated Theatres Limited
George R. Arnott

United Amusement Corporation Limited
Messrs. George R. Arnott and Les Mitchell

ROUYN

D. Korman and Sons Ltd.
Messrs. Sam and Daniel Korman

VAL D'OR

Val d'Or Theatre Inc.
Messrs. Abe Kaplan and Jerry Kaplan

SASKATCHEWAN

NORTH BATTLEFORD

Messrs. C. V. and Jack Marshall

PRINCE ALBERT

Messrs. J. M. and Peter Mahon

REGINA

Regina Drive-In Theatres Limited
Mr. C. R. Davidson, Q.C. and
Miss Rubie E. Westvelt

SASKATOON

Daylight Theatre Company Limited
William Ivan Byers and the executors of the
Estate of the late Elsie Butler

SHAUNAVON

Mr. H. K. Durham, Miss Margaret C. Durham
and Mrs. M. H. Howell

WINNIPEG

Western Theatres Limited
Messrs. George and Richard Miles and
Mrs. Esther Miles
Main Street Theatres Limited
Mr. R. D. Hurwitz and Messrs. George and
Richard Miles

NEW BRUNSWICK

SAINT JOHN

F. G. Spencer Co. Limited
Messrs. F. Gordon Spencer and
Gerald Spencer

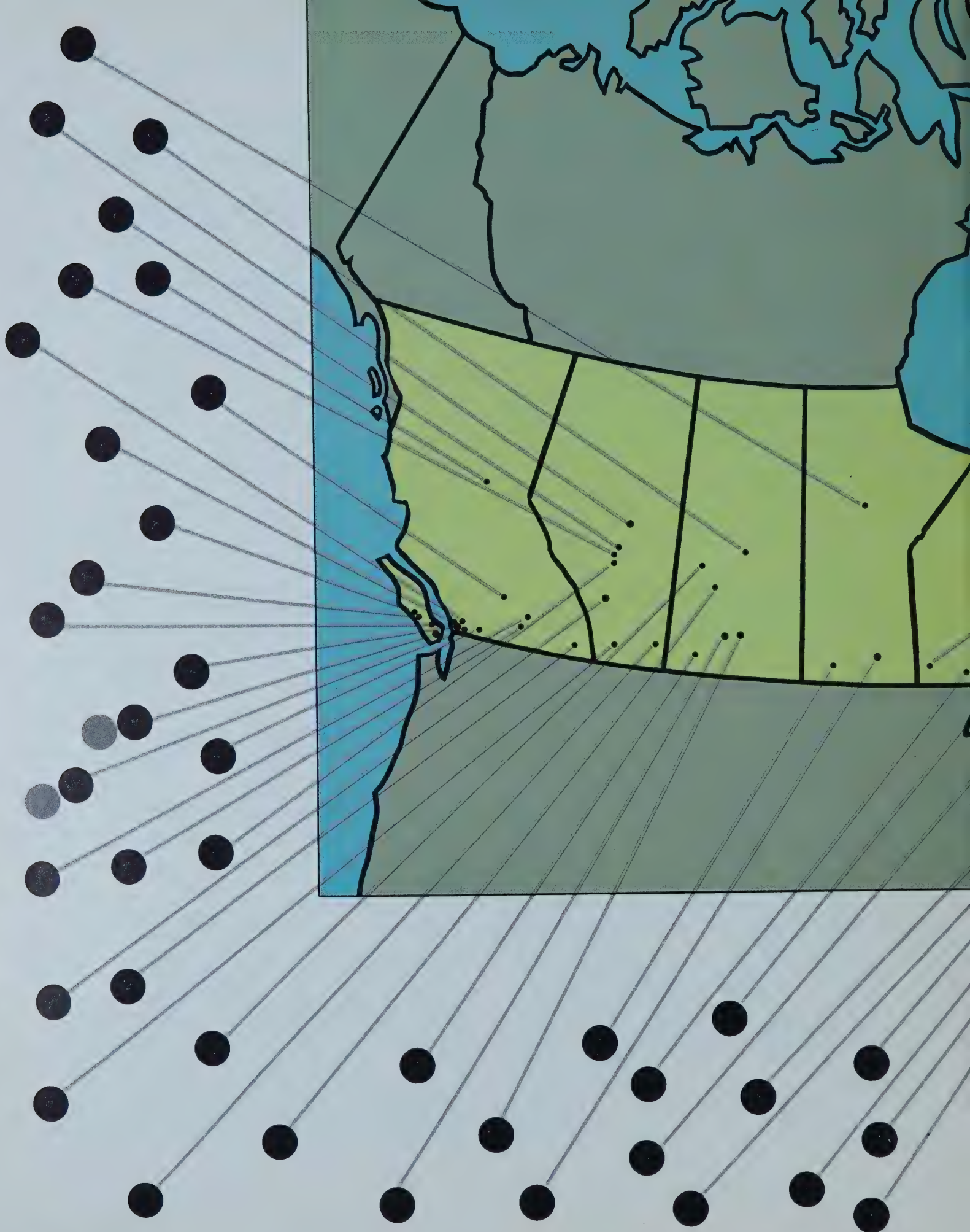
FREDERICTON

Messrs. W. W. O. Fenety and William Fenety

NEWFOUNDLAND

ST. JOHN'S

Newfoundland Theatres Ltd.
Mr. Bernard Parsons
Newfoundland Amusements Limited
Messrs. Frank H. and Donald R. Sobey and
Empire Company Limited

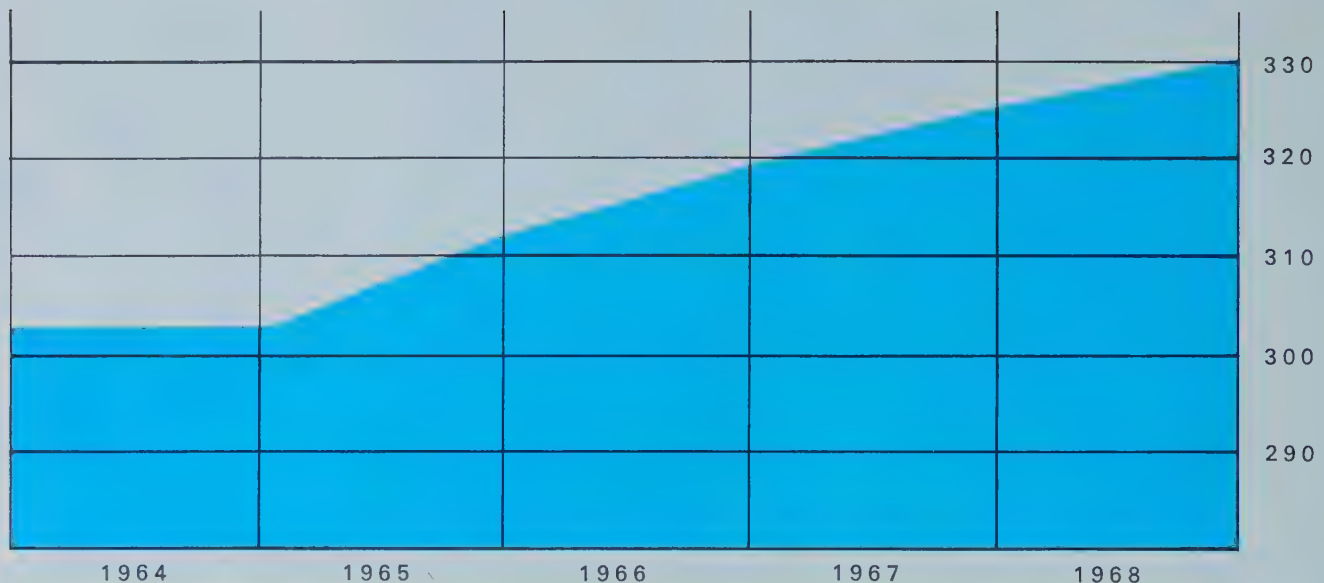


● THEATRE LOCATIONS



● COMMUNICATION CENTRES

FIVE YEAR THEATRE GROWTH



LOCATIONS OF THE 330 THEATRES OPERATED BY FAMOUS PLAYERS CANADIAN CORPORATION LIMITED AND ASSOCIATED COMPANIES

ALBERTA – Calgary, Edmonton, Lacombe, Lethbridge, Medicine Hat, Ponoka, Red Deer. **BRITISH COLUMBIA** – Alberni, Burnaby, Chilliwack, Cranbrook, Kamloops, Kelowna, Nanaimo, Nelson, New Westminster, Port Alberni, Prince George, Prince Rupert, Vancouver, West Vancouver, Vernon, Victoria. **MANITOBA** – Brandon, Thompson, Winnipeg. **NEW BRUNSWICK** – Ancaster, Campbellton, Dalhousie, Fredericton, Moncton, Saint John, Woodstock. **NEWFOUNDLAND** – St. John's. **NOVA SCOTIA** – Amherst, Glace Bay, Halifax, New Waterford, Stellarton, Sydney, Truro. **ONTARIO** – Agincourt, Ajax, Atikokan, Aylmer, Barrie, Belleville, Brantford, Bridgeport, Brockville, Chatham, Cobalt, Cobourg, Copper Cliff, Cornwall, Deep River, Elliot Lake, Fort William, Galt, Geraldton, Guelph, Haileybury, Hamilton, Ingersoll, Islington, Kapuskasing, Kenora, Kirkland Lake, Kitchener, Leamington, Lindsay, London, Malton, Manitouwadge, Marathon, Mount Dennis, New Toronto, Niagara Falls, North Bay, Oakville, Orillia, Oshawa, Ottawa, Parry Sound, Pembroke, Peterborough, Port Arthur, Port Colborne, Port Hope, Preston, Sarnia, Sault Ste. Marie, Scarborough, Simcoe, Smiths Falls, Stratford, St. Catharines, St. Thomas, Sudbury, Tillsonburg, Timmins, Toronto, Trenton, Virginiatown, Waterloo, Welland, Willowdale, Windsor, Woodbridge, Woodstock. **PRINCE EDWARD ISLAND** – Charlottetown. **QUEBEC** – Bourlamaque, Chibougamau, Dorval, Montreal, Outremont, Pointe Claire, Quebec, Rouyn, Sherbrooke, Ste-Foy, St. Hyacinthe, St. Laurent, Three Rivers, Val d'Or, Verdun, Westmount. **SASKATCHEWAN** – Moose Jaw, North Battleford, Prince Albert, Regina, Saskatoon, Shaunavon.

1968-1969

1969

1970-1971

1971

1972

1973

1974

1975



AR79

The incomparable Walter Matthau as the nation's No. 1 authority on extra marital hijinks who enlightens wishful wives.



"The Secret Life of an American Wife"

20th Century Fox

Walter Matthau
Anne Jackson
Patrick O'Neal

A LOOK AHEAD AT ROADSHOW ATTRACTIONS

Finian's Rainbow

from WARNER BROS.-SEVEN ARTS

Fred Astaire
Petula Clark

One of the world's most celebrated, most enduring musical hits about an Irishman named Finian, a rascal nimble of foot and conniving of heart, who steals a pot of gold from a leprechaun.

Star!

A 20TH CENTURY FOX FILM

Julie Andrews
Richard Crenna

One of the world's most popular stars in a musical based on the life of the ebullient stage personality Gertrude Laurence — directed by Robert Wise.

Shoes of the Fisherman

from Metro-Goldwyn-Mayer

Laurence Olivier • Anthony Quinn
Oscar Werner • David Janssen

Spectacular all-star screen version of the famous novel by Morris L. West

Chitty Chitty Bang Bang

A UNITED ARTISTS PICTURE

Dick Van Dyke
Sally Ann Howes

Superlative family entertainment is this road show musical fantasy based on a story by Ian "James Bond" Fleming.



INTERIM REPORT TO SHAREHOLDERS

FOR PERIOD ENDED
JUNE 29th, 1968

FAMOUS PLAYERS CANADIAN CORPORATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

EARNINGS

	Second Quarter		First Six Months	
	1968	1967	1968	1967
Theatre Admissions (Excluding Amusement Taxes), CATV Revenue, Confection and Equipment Sales and Other Income	\$11,915,848	\$ 9,780,467	\$23,673,353	\$20,568,407
Operating Expenses, Cost of Goods Sold and Administration	9,874,240	8,394,023	19,490,706	17,361,062
Operating Profit Before the Undernoted Items	2,041,608	1,386,444	4,182,647	3,207,345
Dividends Received	277,606	272,294	495,689	481,811
Interest Earned and Profit on Sale of Securities	45,864	89,401	100,847	157,633
	<u>2,365,078</u>	<u>1,748,139</u>	<u>4,779,183</u>	<u>3,846,789</u>
Deduct:				
Depreciation	722,766	538,276	1,274,429	1,016,997
Share of Profits to Minority Interests	112,860	77,466	202,511	165,700
	<u>835,626</u>	<u>615,742</u>	<u>1,476,940</u>	<u>1,182,697</u>
Earnings Before Income Taxes	1,529,452	1,132,397	3,302,243	2,664,092
Income Taxes	645,828	405,681	1,464,098	1,120,101
Net Profit (Unaudited)	\$ 883,624	\$ 726,716	\$ 1,838,145	\$ 1,543,991
Earnings Per Share	51c	42c	\$1.06	89c

SOURCE AND DISPOSITION OF FUNDS

	Second Quarter		First Six Months	
	1968	1967	1968	1967
SOURCE OF FUNDS				
Net Earnings	\$ 883,624	\$ 722,715	\$1,838,145	\$1,539,990
Depreciation	722,766	538,276	1,274,429	1,016,997
Funds Provided from Operations	1,606,390	1,260,991	3,112,574	2,556,987
Decrease in Notes and Mortgages Receivable	(5,113)	238,642	309,215	252,837
	<u>1,601,277</u>	<u>1,499,633</u>	<u>3,421,789</u>	<u>2,809,824</u>
DISPOSITION OF FUNDS				
Additions to Fixed Assets (Net)	1,695,188	1,342,419	2,242,153	1,982,972
Additional Investment in Subsidiary Companies	211,779	—	424,279	—
Decrease in Long-Term Debt	14,410	27,658	157,499	66,679
Investment in Shares and Advances to Affiliated Companies	(88,933)	172,147	33,002	85,116
Dividends Paid: (1968—32½c per share quarterly 1967—30c per share quarterly)	564,549	521,122	1,129,097	1,042,244
Other Items (Net)	216,185	274,964	194,062	262,548
	<u>2,613,178</u>	<u>2,338,310</u>	<u>4,180,092</u>	<u>3,439,559</u>
DECREASE IN WORKING CAPITAL	\$1,011,901	\$ 838,677	\$ 758,303	\$ 629,735

To The Shareholders:

The results for the first half of 1968 are gratifying because they are due to some extent to an increase in attendance (number of tickets sold) at our theatres, rather than to reserved seat attractions to which tickets are sold at increased admission prices. This indicates that pictures with a general appeal to the public will attract large audiences at any time of the year.

Approximately 89% of our consolidated net profit for the six months was derived from theatres and associated operations and about 11% from operations of communication companies and dividends received from our investments in such companies.

We are commenting hereunder on the major operations of your Company:

THEATRES

On June 26th we opened our new twin theatres, "The Richmond" and "The Islander" in the Richmond Shopping Centre in Vancouver. The results in both of them have been very good and indicate that they will be important additions to the Company's representation in the third largest city in Canada.

Earlier in the second quarter, together with our long time Associates, the Purnell Bros., we opened the new Park Plaza Theatre in the rapidly growing city of Red Deer, Alberta.

In association with Mr. Ralph Thrall and Mr. A. W. Shackleford, we are starting to erect a second theatre addition in our present Paramount Theatre in Lethbridge.

On August 6th we had the pleasure of joining with the Officials of the Fairview Corporation at the opening of Les Galeries d'Anjou, which is the largest shopping centre in Montreal and which includes a very beautiful Famous Players' theatre.

Recently we have signed a Letter of Intent for a long term lease of an existing 48 lane tenpin bowling centre, adjacent to the Cedarbrae Shopping Centre in Toronto. We propose to convert a large part of this Centre into twin theatres. After this has been done there will be about one-half of the present bowling centre remaining, which will be operated by our Affiliated Company, Toronto Bowlerama Limited.

We have also signed a Letter of Intent with Marathon Realty Limited for a long term lease of a twin theatre in their Palliser Square Development in Calgary. This will provide us with two twin theatres in the downtown area, which when completed will enable us to redevelop as a real estate operation, at least one of our existing large theatres in that area.

We have also recently concluded arrangements with the Fairview Corporation for a long term lease on a small theatre in the Polo Park Shopping Centre in Winnipeg, which will be known as "Cinema Polo Park".

We will open our new Sherwood Drive-In Theatre in Edmonton around the end of the month. This is a completely new theatre, equipped for winter operation, which will serve the fast growing area in Edmonton south of the Northern Saskatchewan River.

Our Associated Company, United Century Theatres Limited, has recently entered into a lease for the Linden Theatre in Ottawa and has also completed a second theatre addition to its Westwood Theatre in Toronto, which will be known as the "Westwood Cinema". Wilson Century Theatres Limited (also 50% owned) has recently purchased a large parcel of land in Ottawa adjacent to the Ottawa Airport, which will be used for the development of a new drive-in theatre in that area.

COMMUNICATIONS

The Canadian Radio-Television Commission has refused to approve the joint application of your Company, Selkirk Holdings Limited and Saturna Properties Limited (a subsidiary of Western Broadcasting), under which your Company would have acquired a substantial interest in British Columbia Television Broadcasting System Limited. We have requested re-consideration of that application.

As we told you in our last Interim Report, a formal application has been filed with the Canadian Radio-Television Commission for its approval of the transfer of the ownership of most of the assets and shares which your Company and its Associates hold in television, radio and cable T.V. companies, to a new Communications Company, in which your Company will be a substantial shareholder. We have had one meeting with the Executives of the Commission, who were receptive to our application, and as a result we have furnished them with certain additional information.

In the meantime, formal Agreements between the Communications Company and our various Affiliates in television, radio and cable T.V. companies are being signed. The Communications Company will be making a formal application to the Canadian Radio-Television Commission for approval of these Agreements within the next two weeks.

The various cable T.V. companies in which we have an interest are making good progress and on the whole the results of the various television companies in which we have an interest compare favourably for the first half of this year with the results for the same period last year. This, notwithstanding the fact that there was some slowdown by national advertisers in their expenditures on television advertising during the early part of the year.

REAL ESTATE

Our combined twin theatre, retail stores, parking garage and hotel in Winnipeg is proceeding on schedule. We expect to call for tenders for the major

part of this work almost immediately. The hotel will be called the "North Star Inn".

In Toronto, the very large development which Wilson Century Theatres Limited is planning to erect at the corner of Highway 27 and Dixon Road has received the approval of the Council of the Borough of Etobicoke. We do not anticipate any difficulty in securing the other Governmental approvals that are needed. The Planning Board of Etobicoke has described this development as follows:

"It is the opinion of the Planning Board that this unusual and imaginative commercial complex on Etobicoke's main entrance from the Toronto International Airport is an appropriate use for the site and would be an asset to the Borough".

We are continuing to investigate the re-development of other properties.

MOTION PICTURE PRODUCTION

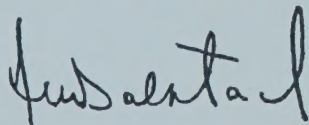
We are currently playing **THE ODD COUPLE** and **ROSEMARY'S BABY** to outstanding business in many of our theatres across the country. Both of these pictures were produced by Paramount Pictures.

Other pictures which are doing well at the box office are **GREEN BERETS** from Warner Bros., **BANDOLERO** from Twentieth Century Fox, **SPACE ODYSSEY 2001** from Metro-Goldwyn-Mayer and **FIVE CARD STUD**, which is also from Paramount. **I A WOMAN**, a Danish film, about which there has been a great deal of controversy in the Montreal area, is producing exceptionally large box office grosses.

The outlook for motion picture product for the coming months is reasonably good. In the late fall and early winter months we will have an exceptionally large number of Road Show pictures available for our theatres. A few of these outstanding attractions are listed on the reverse side of this report.

At the Directors' meeting held to-day, the regular quarterly dividend of 32½ cents per share, which will be payable on September 6th, was declared.

Sincerely,



President and Managing Director.

August 12th, 1968.

CURRENT AND FORTHCOMING RELEASES



PARAMOUNT PICTURES
presents

"Barbarella"

Jane Fonda
John Phillip Law

Produced by Dino de Laurentiis — directed by Roger Vadim — a spectacular futuristic comedy adventure based on the famous heroine of the comics.

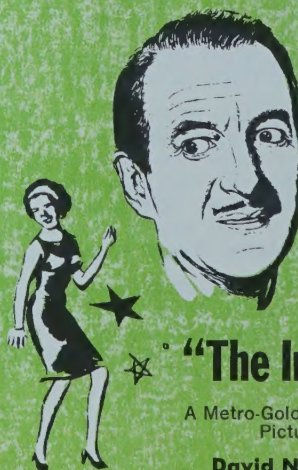
"The Heart is a Lonely Hunter"

Warner Bros.—7 Arts

Alan Arkin
Sandra Locke



Story of a sensitive teenage girl and her platonic friendship with a deaf mute.



Hilarious comedy concerning parents facing the problems of a growing teenage daughter.

"The Impossible Years"

A Metro-Goldwyn-Mayer
Picture

David Niven
Lola Albright